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August 26, 1999

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By Messenger

Magalie Roman Salas  
Secretary  
Federal Communications Commission  
445 12th Street, S.W., TW-A325  
Washington, D.C. 20554

**RECEIVED****AUG 26 1999****FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY**

Re: Request of Lockheed Martin Corporation and Warburg, Pincus &  
Co. for Review of the Transfer of the Lockheed Martin  
Communications Industry Services Business from Lockheed Martin  
Corporation to an Affiliate of Warburg, Pincus & Co., C Docket  
No. 92-237, NSD File No. 98-151

Dear Ms. Salas:

Enclosed for filing in the above-referenced dockets are an original and five copies of a Supplemental Amended Request for Expeditious Review of the Transfer of the Lockheed Martin Communications Industry Services Business ("Supplemental Amended Request"), with an attachment, submitted on behalf of Lockheed Martin Corporation ("Lockheed Martin") and Warburg, Pincus & Co. (collectively, "the Parties").

Please note that this filing supplements the Parties' Amended Request for Expeditious Review of the Transfer of the Lockheed Martin Communications Industry Services Business ("Amended Request"), which was filed on August 16, 1999. Since the Supplemental Amended Request makes only minor modifications to the proposal contained in the Amended Request, the Parties request that any public notice of the instant filing reference the Public Notice previously released requesting comments on the Amended Request (DA 99-1647 (released Aug. 17, 1999)) and track the same pleading cycle established therein.

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Magalie Roman Salas  
August 26, 1999  
Page Two

Please date-stamp the extra copy of the Supplemental Amended Request and return it to the messenger. Please direct any questions as to this filing to the undersigned.

Yours truly,

A handwritten signature in black ink, appearing to read "Cheryl A. Tritt", written in a cursive style.

Cheryl A. Tritt

Counsel to Lockheed Martin IMS  
Corporation

Enclosures

cc: Chairman William E. Kennard  
Commissioner Gloria Tristani  
Commissioner Michael Powell  
Commissioner Harold Furchtgott-Roth  
Commissioner Susan Ness  
Lawrence Strickling  
Yog Varma  
Blaise Scinto  
Diane Harmon  
Jeannie Grimes  
Jordan Goldstein  
Anna M. Gomez  
Tejal Mehta  
John R. Hoffman

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

\_\_\_\_\_  
In the Matter of )  
 )  
 )

Request of Lockheed Martin Corporation and )  
Warburg, Pincus & Co. for Review of the Transfer )  
of the Lockheed Martin Communications Industry )  
Services Business from Lockheed Martin Corporation )  
to an Affiliate of Warburg, Pincus & Co. )  
\_\_\_\_\_ )

CC Docket No. 92-237

NSD File No. 98-151

**SUPPLEMENTAL AMENDED REQUEST FOR EXPEDITIOUS REVIEW OF  
THE TRANSFER OF THE LOCKHEED MARTIN  
COMMUNICATIONS INDUSTRY SERVICES BUSINESS**

Lockheed Martin Corporation ("Lockheed Martin") and Warburg, Pincus & Co. ("Warburg Pincus") (collectively, "the Parties"), hereby supplement their Amended Request for Expeditious Review of the Transfer of the Lockheed Martin Communications Industry Services business, filed on August 16, 1999 ("Amended Request"),<sup>1</sup> and request that the Commission expeditiously review and grant their Amended Request.

In the Amended Request, the Parties explained how the restructuring of the transfer of Lockheed Martin's Communications Industry Services ("CIS") business would ensure the continued neutrality of CIS in its roles as North American Numbering Plan Administrator ("NANPA") and Local Number Portability Administrator ("LNPA") for all seven U.S. local number portability ("LNP") regions and the Canadian Consortium. Under the Amended Request, the entity acquiring the CIS business -- NeuStar, Inc. ("NeuStar") -- will be a free-standing, independent company 59 percent controlled by an irrevocable, independent voting trust managed by two independent trustees with no familial or business ties to Warburg Pincus or

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<sup>1</sup> See Amended Request for Expeditious Review of the Transfer of the Lockheed Martin Communications Industry Services Business, *Request of Lockheed Martin Corporation and Warburg, Pincus & Co. for Review of the Transfer of the Lockheed Martin Communications Industry Services Business from Lockheed Martin Corporation to an Affiliate of Warburg, Pincus & Co.*, CC Docket No. 92-237, NSD File No. 98-151 (filed Aug. 16, 1999). See Public Notice DA 99-1647 (released August 17, 1999).

Warburg, Pincus Equity Partners, L.P. ("WPEP"). WPEP's representation on NeuStar's Board of Directors ("Board") is limited to two of NeuStar's five directors. Two of the remaining directors will be entirely independent of Warburg Pincus and WPEP, and the NeuStar chief executive officer ("CEO") will serve as chairman of the board.

After consultation with members of the North American Numbering Council ("NANC") at a NANC meeting held on August 24, 1999, the Parties agreed to three suggested modifications to their restructured proposal to further ensure the impartiality and independence of CIS. As explained below, these supplemental safeguards provide additional assurance that the restructuring described in the Amended Request will more than meet the neutrality requirements of Section 52.12(a)(1) of the Commission's rules.

First, not only will the two independent directors of NeuStar and both of the trustees of the irrevocable voting trust be independent of Warburg Pincus and WPEP, as proposed in the Amended Request, but they will also be entirely independent of NeuStar management as well. Accordingly, none of those four independent fiduciaries will be employed by or have any business or familial relationship with any of the members of NeuStar management.

Second, the Parties agreed to specify a procedure for selecting the NeuStar directors and their terms so as to avoid, to the extent possible, simultaneous vacancies, either in the two independent directorships or in the two WPEP directorships. The Board will be structured so that, of the five initial directors, one will serve for a one-year term, two will serve for a two-year term, and the remaining two will serve for a three-year term. In addition, the initial terms will be arranged such that the two initial independent directors do not serve concurrently and the two initial WPEP directors do not serve concurrently. Following the initial terms, all directors will serve for three-year terms. Staggering the terms of the initial directors in such a manner will greatly diminish the possibility that both independent directorships or both WPEP directorships will become vacant simultaneously.

In the event of a vacancy in either or both of the independent directorships, the chairman of the board and the other independent director, if any, will nominate a successor or successors to serve for the remainder of the terms of the director or directors that are being replaced. Those

nominations will then be submitted to the NeuStar Board for confirmation, which shall be by majority vote (with the vote of at least one Warburg Pincus representative).

In addition, although this issue was not raised at the August 24 NANC meeting, the Parties also wish to clarify the manner in which any successor independent director will be confirmed for a full three-year term. Once a successor to either of the two initial independent directors is nominated by the chairman of the board and the other independent director and approved by a majority of the Board (including at least one Warburg Pincus director) for a full three-year term, such successor independent director must then be approved by a majority of the voting shares. As a practical matter, this means that the independent trustees, who will exercise a 59 percent voting interest in NeuStar, will have a veto over any successor independent director, thus further assuring those directors' impartiality and independence.

Finally, at the suggestion of the NANC, the Parties have amended the Code of Conduct to expand three of its prohibitions. Paragraphs three through five of the Code, attached as an exhibit to the Amended Request, provided in part:

3. Shareholders of NeuStar will ensure that no user data or proprietary information from any telecommunications service provider in which they hold an interest is disclosed to NeuStar (other than the sharing of data incident to the performance of NANPA and LNPA duties).
4. Confidential information about NeuStar's business services and operations will not be shared with employees of any telecommunications service provider in which any NeuStar shareholder has an interest. ...
5. ... No employees of any company that is a telecommunications service provider, and in which a shareholder of NeuStar has an attributable interest, will be simultaneously employed (full-time or part-time) by NeuStar.

Each of these three provisions has been expanded by deleting the qualifying language limiting the prohibition to telecommunications service providers in which NeuStar shareholders have an interest. Deleting the qualifiers makes these provisions more strict and provides even greater insulation for the CIS business from any possible influence. Thus, NeuStar shareholders will ensure that no confidential data of *any* telecommunications service provider is disclosed to NeuStar and that no confidential data about NeuStar's operations will be shared with *any*

telecommunications service provider, other than the sharing of data incident to CIS' performance of its NANPA and LNPA duties. Moreover, no employee of *any* telecommunications service provider will be employed simultaneously by NeuStar. A revised version of the Code of Conduct, reflecting these changes, is attached hereto as Exhibit A.

These changes will further serve to insulate NeuStar, and thus the CIS business, to an even greater degree than the restructuring proposed in the Amended Request, from any possible telecommunications-related influence. CIS will therefore clearly be "neutral and not subject to undue influence by parties with a vested interest in the outcome of numbering administration and activities."<sup>2</sup> Accordingly, particularly in view of the NANC letter finding that the entity acquiring the CIS business prior to the restructuring would not be subject to undue influence<sup>3</sup> and NANC's stated intent at its August 24 meeting to support the Amended Request, the proposed sale of CIS to NeuStar -- under a structure and supplemental safeguards providing even more assurance of independence -- meets and exceeds the neutrality requirements of Section 52.12(a)(1).

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<sup>2</sup> *Administration of the North American Numbering Plan, Toll Free Service Access Codes*, Third Report and Order and Third Report and Order, 12 FCC Rcd 23040, 23081 (1997).

<sup>3</sup> Letter from Alan C. Hasselwander, Chairman, North American Numbering Council, to Lawrence E. Strickling, Chief, Common Carrier Bureau (Mar. 31, 1999).

The Parties have again taken additional measures to ensure the continued neutrality of CIS under new ownership. The proposed sale accordingly will serve the public interest, and Lockheed Martin and Warburg Pincus respectfully request that the Commission expeditiously grant the Amended Request.

Respectfully submitted,

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Counsel to Warburg, Pincus & Co.

Dated: August 26, 1999

## **Exhibit A**



NeuStar

CODE OF CONDUCT

1. NeuStar will never, directly or indirectly, show any preference or provide any special consideration to any company that is a telecommunications service provider, which term as used herein shall have the meaning set forth in the Telecommunications Act of 1996.
2. No shareholder of NeuStar shall have access to user data or proprietary information of the telecommunications service providers served by NeuStar (other than access of employee-shareholders of NeuStar that is incident to the performance of NANPA and LNPA duties).
3. Shareholders of NeuStar will ensure that no user data or proprietary information from any telecommunications service provider is disclosed to NeuStar (other than the sharing of data incident to the performance of NANPA and LNPA duties).
4. Confidential information about NeuStar's business services and operations will not be shared with employees of any telecommunications service provider. NeuStar shareholders will guard their knowledge and information about NeuStar's operations as they would their own proprietary information.
5. No person employed by, or serving in the management of any shareholder of NeuStar will be directly involved in the day-to-day operations of NeuStar. No employees of any company that is a telecommunications service provider will be simultaneously employed (full-time or part-time) by NeuStar.
6. Warburg Pincus will not control more than 40% of NeuStar's Board.
7. No member of NeuStar's board will simultaneously serve on the board of a telecommunications services provider.
8. No employee of NeuStar will hold any interest, financial or otherwise, in any company that would violate the neutrality requirements of the FCC or the NPAC Contractor Services Agreements (the Master Agreements).
9. NeuStar will hire an independent party to conduct a neutrality review of NeuStar, ensuring that NeuStar and its shareholders comply with all the provisions of this Code of Conduct. The neutrality analyst will be mutually agreed upon by NeuStar, the FCC, NANC and the LLCs. The neutrality review will be conducted quarterly. NeuStar will pay the expenses of conducting the review. NeuStar will provide the analyst with reasonable access to information and records necessary to complete the review. The results of the review will be provided to the LLCs, to the North American Numbering Council and to the FCC and shall be deemed to be confidential and proprietary information of NeuStar and its shareholders.

## CERTIFICATE OF SERVICE

I, James S. Bucholz, do hereby certify that the foregoing **Supplemental Amended Request** was hand delivered on this 26th day of August, 1999, to the following:

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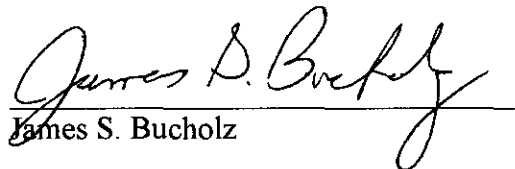
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